



STATE BOARD OF EQUALIZATION

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March 25, 1998

E. L. SORENSEN, JR.
Executive Director

Ms. L--- N---
Accountant
S--- J--- M--- Center
XXX East --- --- Drive
---, CA XXXXX

RE: SR -- XX-XXXXXX
Blood Collection Supplies
AB 993

Dear Ms. N---:

I am responding to your letter to the State Board of Equalization dated January 23, 1998, regarding the application of AB 993 to sales to S--- J--- of certain blood collection supplies. You list the supplies and their uses as follows:

- "1) vacutainers, needles & butterfly sets that are used in our lab for blood specimen collection.
- 2) Cell saver supplies including tubing and reservoir bowls for blood collection to be reinfused during surgical procedures.
- 3) Reservoirs, tubing and containers for the heart & lung machine that is used to collect blood for oxygenation and then reinfusion.
- 4) Auto transfusion tubing, catheters and other related supplies."

AB 993, enacted as Statutes 1993, Chapter 773, added section 6364.5 to the Revenue and Taxation Code to provide an exemption for certain sales of blood-related items as follows:

"(a) There are exempted from the taxes imposed by this part, the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of, any container used to collect or store human whole blood, plasma, blood products, or blood derivatives that are exempt from taxation pursuant to Section 33, including, but not limited to, blood collection units and blood pack units.

"(b) For purposes of this section, "blood collection units" and "blood pack units" include all items that form an integral, interconnected package that, when sold to plasmapheresis centers and blood banks, are used to collect blood or blood

components, which are then sold together with the bags and tubing in which they are contained. Blood pack units consist of a plastic bag or bags, tubing, and a needle. Blood collection units are either a manual system that includes a needle, multiple bags, a bag containing saline solution, tubing, filters, grommets, and a pooling bag or an automated system that consists of a needle, a bag of anticoagulant, tubing, a plastic bowl containing a stainless steel centrifuge and a pooling bag. Blood collection units and blood pack units also include plastic bags and tubing sold to plasmapheresis centers when those centers use them to collect blood plasma or platelets and then sell the plasma or platelets together with the bags and tubing in which they are contained.”

(All statutory references are to the Revenue and Taxation Code unless otherwise stated.) Section 33 reads as follows:

“Human whole blood, plasma, blood products, and blood derivatives, or any human body parts held in a bank for medical purposes, shall be exempt from taxation for any purpose.”

Though section 33 is a statute relating to property tax, we have previously determined that it applies to exempt sales of the products addressed therein. The exemption provided by AB 993 is, then, limited to sales of items related to blood products sold for the purpose listed in the statute --“held in a bank for medical purposes.” Subdivision (b), which concerns sales of blood-related products to plasmapheresis centers, reinforces this interpretation. Consequently, sales of these items to health facilities for use during surgical procedures are not covered by AB 993. As a result, sales of such items to S--- J--- are subject to tax.

Sincerely,

John L. Waid
Senior Tax Counsel

JLW:sr

cc: --- --- District Administrator - --